

Producer-Handlers – Description

Producer-handlers are dairy farmers who process milk from their own cows in their own plants and market their packaged fluid milk and other dairy products themselves. Producer-handlers sometimes are referred to as producer-distributors. Producer-handlers may sell products directly to consumers through their own stores, directly to consumers on home-delivery routes, or to wholesale customers such as food stores, vendors, or institutions.

Federal milk orders contain provisions that define producer-handler operations. (A producer-handler is a category of nonpool plants.) Producer-handlers who meet these definitions are exempt from the pricing and pooling provisions of the order. The requirements for exemption vary somewhat from order to order and from time to time. (For the specific requirements in an order, see the “Code of Federal Regulations, Chapter 7, Parts 1000 to 1199.”) Generally, producer-handlers must operate at their sole enterprise and at their own risk and sell fluid milk products in the order’s marketing area. Their sources of milk supply are confined to their own production plus limited receipts from pool plants.

However, producer-handlers are not totally exempt from Federal milk order regulation as they are required to file monthly reports with the respective order’s market administrator (MA). They also must maintain adequate books and records so that these reports can be verified by the MA. These records must provide satisfactory proof to the MA that the operation meets the producer-handler definition.

Periodic surveys of producer-handler operations under Federal milk orders are conducted. These surveys are based on reports compiled by the respective MAs and are used to determine the number and extent of these operations and changes over time. The table, “Information on Producer-Handlers Operating in Federal Milk Order Marketing Areas, Selected Time Periods” summarizes some of these surveys. These surveys generally looked at operations in October; and, the information was not always available for all Federal milk orders.

It should be pointed out that the data for the most recent time period –Dec., 2001, may be affected by the new category of nonpool plant status – exempt plant, which was instituted under Federal milk orders in January 2000. One of the four determinations for exempt plant status is “A plant that has route disposition and packaged sales of fluid milk products to other plants of 150,000 pounds or less during the month”. As exempt plants also are exempted from the pricing and pooling provisions of any order, producer-handlers who meet this exempt plant determination may be opting for that nonpool plant category, rather than meeting the more rigorous producer-handler definition.